

Person to Contact: [REDACTED]
Telephone Number: [REDACTED]
Refer Reply to: Internal Revenue
Service [REDACTED]
[REDACTED]

Date: OCT 16 1987

Dear Applicant:

We have considered your application for recognition of exemption from Federal income tax under Section 501(c)(3) of the Internal Revenue Code.

The information submitted indicated that you were incorporated as [REDACTED] under the non-profit corporation laws of the State of [REDACTED].

Your purpose and activities according to your articles or incorporation are to advance the mutual interests of your members and are limited to freight by establishing and maintaining, their own equitable principles of operation; to permit members to pool, distribute, and otherwise direct on a non-profit basis through the corporation, the payment of their freight in order that the subject might secure reduced, trackload and other volume rates; and to provide information on shipping rates, shipping routes and other subjects of concern to the corporation's members.

Membership is open to all local carpet distributors as approved by the membership.

Section 501(c)(3) of the Internal Revenue Code provides for exemption of "the inland leagues, chambers of commerce, real estate boards, athletic clubs, or professional football leagues that are not administering a pension fund for football players, and are organized for profit and no part of the net income of such leagues is inured to the benefit of any private individual."

Section 1.1011-1 of Income Tax Regulations reads as follows:

Code	Initiator	Reviewer	Reviewer	Reviewer	Reviewer	Reviewer	Reviewer
	EP/EO/RS	EP/EO/RS	EP/EO/RS	EP/EO/RS	EP/EO/RS		
Surname	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Date	9/4/87	10/15/87	10/15/87	10/14/87	10/14/87		

"BUSINESS LEAGUES, CHAMBERS OF COMMERCE, REAL ESTATE BOARDS AND BOARDS OF TRADE. A business league is an association of persons having some common business interest, the purpose of which is to promote such common interest and not to engage in a regular business of a kind ordinarily carried on for profit. It is an organization of the same general class as a chamber of commerce or board of trade. Thus, its activities should be directed to the improvement of business conditions of one or more lines of business as distinguished from the performance of particular services for individual persons. An organization whose purpose is to engage in a regular business of a kind ordinarily carried on for profit, even though the business is conducted on a cooperative basis or produces only sufficient income to be self-sustaining, is not a business league. An association engaged in furnishing information to prospective investors, to enable them to make sound investments, is not a business league, since its activities do not further any common business interest, even though all of its income is devoted to the purpose stated. A stock or commodity exchange is not a business league, a chamber of commerce, or a board of trade within the meaning of section 501(c)(6) and is not exempt from tax. Organizations otherwise exempt from tax under this section are taxable upon their unrelated business taxable income. See sections 511 to 515, inclusive and the regulations thereunder".

Because of the above described operation your activities are aimed at the performance of particular services for your individual members as distinguished from the improvement of business conditions generally as required by Section 1.501(c)(6) of the Income Tax Regulations.

Particular services to members is a non-exempt activity which is prohibited to business leagues.

Therefore, we have concluded that you do not qualify for exemption from Federal income tax as an organization described in Section 501(c)(6) of the Internal Revenue Code. Accordingly, you are required to file Federal income tax returns on Form 1120, annually with your District Director.

If you do not agree with these conclusions, you may within 30 days from the date of this letter, file a brief of the facts, law and arguments (in duplicate) which clearly sets forth your

position. In the event you desire an oral discussion of the issues, you should so indicate in your submission. A conference will be arranged in the Regional Office after you have submitted your brief to the Chicago District Office and we have had an opportunity to consider the brief and it appears that the conclusions are still unfavorable to you. Any submission must be signed by one of your principal officers. If the matter is to be handled by a representative, the Conference and Practice Requirements regarding the filing of a power of attorney and evidence of enrollment to practice must be met. We have enclosed Publication 832, Exempt Organization Procedures for Adverse Determinations, which explains in detail your rights and procedures.

If you agree with this determination, please sign and return the enclosed Form 6018.

Sincerely yours,

District Director

Enclosures:
Publication 892
Form 6018